

GENERAL FUND BALANCE ANALYSIS

The schedule below indicates the allocation of the general fund balance at June 30, 2003 through June 30, 2005. Maintaining an adequate general fund balance is an essential element of financial strength and stability. The need for this balance or working capital reserve includes:

- * A cash reserve to help stabilize monthly cash flow requirements
- * Funding for emergencies
- * Strong credit rating
- * A cash reserve to be combined with other temporary cash balances to promote higher interest rates for all short term investments
- * A cushion to help provide long term financial stability

As part of the County's debt ratio policies, the Board of Supervisors has established a policy of achieving the ratio of 7.5% (target ratio) for undesignated general fund balance as a percentage of general fund expenditures. At June 30, 2002 this ratio was 8.8%, well above target.

FY2004

Projected Beginning Fund Balance	\$ 36,604,300
Budgeted Addition to Fund Balance	<u>0</u>
Ending Fund Balance, June 30, 2004	<u><u>\$ 36,604,300</u></u>

FY2005

Projected Beginning Fund Balance	\$ 36,604,300
Budgeted Addition to Fund Balance	<u>530,000</u>
Ending Fund Balance, June 30, 2005	<u><u>\$ 37,134,300</u></u>